Centre for Resource Studies
Queen's University
Kingston, Ontario

Mineral Policy Update 1981

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MINERAL POLICY UPDATE 1981
POLICY AND PROGRAM CHANGES AFFECTING THE CANADIAN MINERAL INDUSTRY

by

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CENTRE FOR RESOURCE STUDIES

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FOREWORD

This study looks at federal and provincial policy initiatives and major program changes introduced during 1981. It is hoped that it will act as a reference work, and at the same time stimulate feedback and a continuing flow of information that will help to produce similar surveys of policy change in subsequent years.

A great deal of information and guidance was provided by representatives of federal and provincial departments and agencies, as well as by officials of mining associations in several jurisdictions. While the authors are very grateful for the help and cooperation received, they take full responsibility for any errors of content or interpretation.

M.J. Wojciechowski
Centre for Resource Studies

SUMMARY OF MAJOR INITIATIVES

Federal

Petro-Canada expanded its coal interests in Nova Scotia, Alberta and British Columbia.

Eldorado Nuclear announced plans to close its Beaverlodge operation in Northern Saskatchewan. The uranium stockpile of Uranium Canada was transferred to Eldorado Nuclear.

Devco continued with mine expansion and planned infrastructure additions.

Canada Development Corporation (CDC) acquired control of all Canadian assets of Texasgulf Inc. and of Aquitaine Co. of Canada. The major asset involved is the Kidd Creek Mine.

New DREE agreements included funds for modernization of the Sydney Steel Corporation in Nova Scotia, and for the Ridley Island Access Road in British Columbia.

EDC agreements assisting exports of Canadian-made mining equipment totalled over $21 million in 1981.

Manpower planning agreements were made with the Mining Association of Canada and with the Coal Association of Canada.

More than $1.3 billion was allocated to resolve the Crows Nest Pass freight rate issue and improve the western rail system.

Federal commitments towards infrastructure for the northeast B.C. coal development were estimated to be $304 million.

DIAND announced cabinet approval of a new policy on northern land use planning directed toward management of resources.

Provision for tax relief on employee allowances in the north was extended for one year, but was scheduled to end after 1982.

British Columbia

The B.C. government's initial commitment for infrastructure for the northeast coal development was $701 million.

The report of the Royal Commission of Inquiry into Health and Environmental Protection in Uranium Mining (the Bates Commission) was tabled.

Saskatchewan

The Potash Corporation of Saskatchewan continued with its proposed $2.5 billion expansion which is expected to triple production by 1990. It also established its own marketing arm. Central Canada Potash's application for expansion was denied.

The Saskatchewan Mining Development Corporation expanded its exploration operations (approximately $35 million in 1981) to include base metals as well as uranium. It also began activities outside Saskatchewan, in B.C., the Yukon and the N.W.T.

The Key Lake surface lease agreement was approved, setting out extensive socio-economic and environmental conditions for development of one of the Key Lake uranium deposits.

Manitoba

New mineral disposition regulations were introduced, designed to encourage mineral exploration in Manitoba.

Ontario

The BILD program (Board of Industrial Leadership and Development) introduced in 1981 included a number of programs designed to assist the mineral industry.

The Burkett Commission report on safety in mining was released, and a second royal commission continued its investigations into health and safety matters related to the use of asbestos.

Quebec

The Quebec government acquired control of Asbestos Corporation, following a lengthy legal dispute.

To encourage exploration, a 5-year exploration plan for the Gaspé and North Shore areas was introduced, along with changes in the disposition of mining rights.

The Beaudry Commission released the first part of its report on safety in underground mines in Quebec.

Major reductions were introduced in corporate income tax, while the capital tax on corporations was increased.

New Brunswick

Federal and provincial funding totalling $35 million was allocated to assist the zinc reduction plant to be built at Belledune.

Nova Scotia

The Crown corporation Nova Scotia Resources Ltd. was established to manage the energy and mineral resources of the province (except for those controlled by Devco).

A research and development laboratory was opened at Sydney to study methane and coal dust explosions.

A moratorium on new uranium exploration was imposed.

New legislation gave coal miners automatic compensation for lung disorders, without proof of cause, after 20 years of work in coal mines.

Newfoundland

Mine closures, particularly at Baie Verte, were a major concern for the Newfoundland government.

Changes were introduced to regulations governing the safety of mines, and the regulations governing air pollution control were put into effect.

Northwest Territories

Mine Safety Services were transferred from the jurisdiction of DIAND to the NWT government.

DIAND began formulation of a northern mineral policy and of a northern land use policy.

Yukon Territories

Improvements to the White Pass and Yukon Railway will be financed with the help of federal and territorial funds.

Initiatives fédérales

Pétro-Canada a acquis de nouveaux droits sur des houillères en Nouvelle-Ecosse, en Alberta et en Columbie-Britannique. Eldorado Nuclear a annoncé ses intentions de fermer son exploitation de Beaverlodge dans le nord de la Saskatchewan. Les stocks de réserves d'uranium d'Uranium Canada ont été transférés à Eldorado Nuclear.

Devco a poursuivi son extension minière et a agrandi son infrastructure tel que prévu.

La Corporation de développement du Canada a acquis le contrôle de tout l'actif canadien de Texasgulf Inc. et d'Aquitaine Co. due Canada, l'actif principal étant la mine de Kidd Creek.

De nouveaux accords MEER comprennent des fonds pour la modernisation de la Sydney Steel Corporation en Nouvelle-Ecosse et pour la route d'accès à Ridley Island en Colombie-Britannique.

En 1981 les accords SEE facilitant l'exportation d'équipement minier de fabrication canadienne s'élevaient à plus de $21 millions. Des accords de planification de la main-d'oeuvre ont été conclus avec L'Association minière du Canada et L'Association charbonnière canadienne.

Plus d'$1.3 milliard ont été affectés à la résolution du problème des tarifs marchandises du Nid de Corbeau et à l'amélioration due système ferroviaire de l'Ouest.

Les engagements fédéraux pour l'infrastructure pour le développement de houillères dans le nord-est de la Colombie-Britannique sont estimés à $304 millions.

Le MAIN a annoncé que le cabinet avait approuvé une nouvelle politique de planification de l'utilisation des terres dans le Nord. La disposition sur le dégrèvement fiscal pour les indemnités aux employés dans le Nord a été prolongée d'un an et doit prendre fin après 1982.

Colombie-Britannique

Les sommes engagées initialement par le gouvernement de la Colombie-Britannique pour l'infrastructure pour le développement de houillères dans le nord-est s'élevaient à $701 millions.

La Commission royale d'enquête sur la protection de l'environnement et de la santé dans l'exploitation des mines d'uranium (la Commission Bates) a déposé son rapport.

Saskatchewan

La Potash Corporation of Saskatchewan a poursuivi l'extension prévue de $2.5 milliards devant tripler sa production d'ici 1990. Elle a aussi mis sur pied sa propre filiale de commercialisation. La demande d'extension de Central Canada Potash a été refusée. La Saskatchewan Mining Development Corporation a augmenté ses activités d'exploration (qui étaient de $35 millions environ en 1981) de façon à inclure les métaux de base et l'uranium. Elle était active également à l'extérieur de la Saskatchewan, en Colombie-Britannique, au Yukon et dans les Territoires du Nord-Ouest.

L'accord sur la concession du sol de Key Lake a été ratifié. L'accord spécifie des conditions socio-économiques et environnementales détaillées pour le développement de l'un des gisements d'uranium de Key Lake.

Manitoba

De nouveaux réglements sur l'écoulement des minerais ont été introduits afin d'encourager l'exploration minière au Manitoba.

Ontario

Le programme BILD (Board of Industrial Leadership and Development) introduit en 1981 comprenait un certain nombre de programmes destinés à venir en aide à l'industrie minière.

La rapport de la Commission Burkett sur la sécurité dans l'exploitation des mines a été mis en circulation et une deuxième commission royale a continué à faire des investigations sur les questions de santé et de sécurité relatives à l'usage de l'amiante.

Québec

Le gouvernement du Québec a acquis le contrôle de l'Asbestos Corporation, après un litige prolongé.

Pour encourager l'exploration, un plan quinquennial d'exploration pour les régions de Gaspé et de la Rive-Nord a été mis sur pied et des changements ont été effectués dans la cession des droits miniers. La Commission Beaudry a mis en circulation la première partie de son rapport sur la sécurité dans les mines souterraines du Québec. L'impôt sur le revenu des corporations a été réduit considérablement, alors que l'impôt sur le capital des corporations a été augmenté.

Nouveau-Brunswick

Des fonds provinciaux et fédéraux s'élevant à $35 millions ont été affectés à la construction d'une usine de réduction du zinc à Belledune.

Nouvelle-Ecosse

La Corporation de la Couronne Nova Scotia Resources Ltd. a été créée pour gérer les ressources énergétiques et minérales de la province (à l'exception de celles contrôlées par Devco). Un laboratoire de recherche et de développment a été ouvert à Sydney pour étudier les explosions de méthane et les coups de poussière.

Un moratoire sur les nouvelles explorations d'uranium a été imposé. Une nouvelle législation a octroyé aux mineurs ayant travaillé dans une houillère pendant plus de 20 ans une indemnité de dédommagement automatique pour toute maladie des poumons, sans que la cause doive en être prouvée.

Terre-Neuve

Le gouvernement de Terre-Neuve s'est préoccupé tout particulièrement des fermetures des mines, surtout à Baie Verte.

Des changement ont été effectués dans les règlements concernant la sécurité miniere et les règlements concernant la lutte contre la pollution de l'air sont entrés en vigueur.

Territoires du Nord-Ouest

Les services de la sécurité minière relèvent maintenant de la juridiction du gouvernement des Territoires du Nord-Ouest, et non plus de la juridiction du MAIN.

Le MAIN a entrepris de formuler une politique minière et une politique d'utilisation des terres pour le Nord.

Territoires du Yukon

Des travaux d'amélioration du chemin de fer du Yukon et de White Pass seront financés à l'aide de fonds fédéraux et territoriaux.

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1. INTRODUCTION

This study is a summary of the major program and policy initiatives of the federal, provincial and territorial governments of Canada in 1981 concerning the Canadian mineral industry.

For the purpose of this paper, the mineral industry is defined as the industrial sector engaged in production and marketing of metallic minerals, industrial minerals, coal and uranium. Oil and gas are excluded. Production refers to all the processing stages to primary metals, and includes exploration, mine development, mineral extraction, concentration or beneficiation, smelting, and refining.

Where available, a general policy statement from the appropriate minister or department introduces the sections on the respective governments. The specific programs and policies are arranged under the following headings as far as possible:

i Direct Investment or Equity Participation
   - Crown corporations and other government agencies;
   - joint ventures.

ii Assistance to the Mineral Industry
   - DREE;
   - mining equipment manufacturing sector;
   - labour;
   - research and information;
   - infrastructure.

iii Regulation of the Mineral Industry
   - health and safety;
   - mineral rights;
   - environment;
   - foreign ownership.

iv Marketing and International Trade

v Taxation Matters Affecting the Mineral Industry

While certain policies could be classified under more than one heading, we have tried to place each under the heading we feel to be the most relevant. Those policies involving more than one government, are, in most cases, listed under all the governments involved.

2. 1981 IN REVIEW

The Canadian mineral industry entered 1981 in a generally optimistic mood because of the growth in most sectors of the economy during the first half of the year. Concerns centred around such areas as the shortage of skilled manpower to meet the industry's growing needs, availability of capital for new projects and improvements to existing operations, and the growing burden of debt. However, by mid-year the economy had made an abrupt change of direction, going from growth to decline in the Gross National Product. The mining industry as usual was one of the first sectors to feel the effects of the downturn. Base metals were hardest hit, and the co-product metals were not as effective a buffer against falling demand and prices as they had been in the past. The major exception to the generally poor outlook was in coal. By the end of the year the industry's concerns were focused on its rapidly declining profits.

A number of federal initiatives were undertaken during 1981. The paper on 'Economic Development for Canada in the 1980s', released along with the November 1981 budget, indicated that government had been rethinking its industrial strategy, and was in the process of re-emphasizing resource exploitation and export. The Department of Energy, Mines and Resources prepared its Mineral Policy Discussion Paper during 1981, and identified six priorities for federal action, including the investment climate, mining technology, and quality of life. The Department of Indian Affairs and Northern Development began its own northern mineral policy study, along with preparations for a new northern land use planning regime. Manpower programs were initiated to help meet the shortages that had been anticipated, but, as with several other federal initiatives, changing circumstances tended to undermine their immediate usefulness.

Some provincial governments showed a strong tendency to exploit their ownership of mineral resources during 1981. Their interests included resource revenues and direct participation in the mineral industry. Crown corporation activity was strong in Quebec and Saskatchewan, and Nova Scotia established a new Crown corporation to manage its energy and mineral resources. Saskatchewan

made increased use of mineral leases as instruments of government policy in socio-economic and environmental matters. Health and safety in mining was another active area of provincial concern, with hearings held in six jurisdicions.

3. THE FEDERAL GOVERNMENT

Policy Statements

The federal government's mineral policy thrust for 1981 was voiced primarily through the speeches and statements of the Minister of State for Mines, the Honorable Judy Erola. The Minister stressed the necessity for working together with industry to achieve a flourishing minerals sector. The major policy areas emphasized by the Minister throughout 1981 were health and safety, manpower, improved information and technology, and rational development of the industry.

Health and safety: while the government introduced several policy initiatives in this area, the Minister emphasized that the main push must come from the industry, which knows best the associated problems. One policy proposal put forward by the Minister was the coordination of a national code of health and safety standards. As a complement to this code, the Minister proposed the establishment of a National Data Bank where statistics on all accidents in Canada would be stored for future analysis. The results of the many epidemiological studies carried out to date would be thoroughly analyzed and recommendations for improvements to existing health and safety standards would be made on the basis of up-to-date knowledge.

Manpower: in response to skilled-manpower shortages in the mineral industry, the federal government, through the Department of Employment and Immigration and in cooperation with various industry-related associations, took a number of initiatives. These will be outlined below under 'Assistance to the Mineral Industry, Manpower'.

Improvement of the information base related to minerals: the Minister proposed to improve the federal mineral and metal statistics collected by EMR and to increase the capability for obtaining foreign market information by increasing the emphasis on mineral reporting from posts throughout the world. Initiatives taken or supported by the government in this area are outlined under 'Assistance to the Mineral Industry: Research and Information'.

The Minister stressed the need to increase mineral exploration for those minerals and metals for which Canada is currently import-dependent. To this end she proposed to seek greater funding for the Geological Survey of Canada, to enable that organization to increase the flow of basic geologic information on which mineral exploration is based.

Improvement of mining technology: increased efforts are needed to maintain Canada's technological leadership in minerals and metals processing. To this end the Minister proposed to seek more staff and a higher level of funding for the Canada Centre for Mineral and Energy Technology (CANMET).

Development of the mining machinery and equipment industry in Canada was also highlighted. With government support, it is hoped that the Canadian mining industry will make a greater effort to identify Canadian sources of supply, and that suppliers will be made more aware of the opportunities that exist in the Canadian mineral industry. Initiatives taken in this area are listed under 'Assistance to the Mineral Industry: Mining Manufacturing Sector'.

The rational development of the industry, both within Canada and internationally: the Minister stressed that governments will strive to ensure the necessary infrastructure is in place as required and will work with the industry to ensure that rational development takes place.

The international perspective was mentioned particularly with regard to the effect on the Canadian mineral industry of Canadian aid to less developed countries. In this regard, the minister stated that EMR officials will take a more active role in advising other government agencies on how our aid program can achieve its objectives in developing countries without unnecessarily compromising the position of our own mineral industry.

Other policy statements can be found in the November 1981 budget background paper outlining the Government of Canada's policies and priorities for national economic development, 'Economic Development for Canada in the 1980s', which states that Canada's leading opportunity

for economic benefit lies in the development of its natural resources. Federal initiatives were promised in support of five resource-based sectors: energy, food products, fisheries, forest products and minerals.

The budget anticipated that the mining industry would experience continued strong demand growth, and that the major challenge would be to remain competitive as exploration and recovery take place in areas remote from existing transportation facilities and subject to severe climatic conditions. The federal government will continue to play a role in research and development in this sector, including enhancement of Canada's geological information systems.

A major discussion paper on mineral policy was completed by EMR late in 1981 and released early in 1982, as a basis for consultation with the industry and provincial governments. This paper, and its reception by industry and governments, will be discussed in more detail in the 1982 review.

With the introduction of the National Energy Program (NEP), a framework for federal energy policy, late in 1980, much concern was voiced throughout the mineral industry that a similar program would be introduced to regulate the mineral industry. The federal government, however, gave its assurance, primarily through Energy, Mines and Resources Minister Marc Lalonde and the Minister of State for Mines, Judy Erola, that the NEP does not and will not apply to the non-fuel mineral industry. Furthermore, the NEP should not be considered a forerunner to any national minerals program.

However, while the regulations on foreign ownership stipulated by the NEP do not apply to the mineral industry, the government does intend to introduce legislation requiring two-thirds Canadian ownership in the uranium sector, as proposed in 1978 but never implemented. It was also pointed out by the Minister of Industry, Trade and Commerce, Herb Gray, that federal coal policy will fall within the NEP, rather than within a separate strategy for coal development as recommended by the Coal Association of Canada.

Direct Investment or Equity Participation

Crown Corporations

Petro-Canada

Petro-Canada, a Crown corporation with a variety of energy interests, expanded its coal activities in 1981. Petro-Canada is planning an underground thermal coal mine near Lethbridge, Alberta, with a capacity of 1.1 million tons a year. The feasibility study for the project, to be called the Kipp mine, is expected to be completed in the beginning of 1982. Production was expected to start in 1985 but a delay has been caused by the inability of Petro-Canada to secure long-term contracts, and by the lack of commitment on the part of the western rail system to upgrade its facilities. The rail system now operates near full capacity.

In June, Petro-Canada was granted a special licence by the Nova Scotia Department of Mines and Energy to undertake a $5-million four-year coal exploration program in the offshore Aspy Bay area of Cape Breton. The license covers an area of 458 square kilometers. Under the terms of the licence, the province is entitled to acquire a 25-percent interest in the project.

Petro-Canada also continued with its metallurgical and thermal coal development at the Monkman coal property in northeastern B.C. Exploration and environmental programs were maintained and a feasibility study conducted on the development of an open-pit metallurgical coal mine designed to produce slightly in excess of 3 million tonnes per year of coal. An application seeking Stage II approval will be submitted to the B.C. government in 1982.

The company also holds leases on coal properties in the Northwest Territories.

Eldorado Nuclear Ltd.

The Canadian government increased the value of assets of the Crown-owned Eldorado Nuclear Ltd. by transferring to the company the assets administered by Uranium Canada Ltd. (UCAN). This was primarily a uranium stockpile of some 13 million pounds of concentrate, plus 1.5 million

pounds of concentrate outstanding on loan to Eldor Resources Ltd. The market value of the total transaction was $300 million, and it was intended to provide Eldorado with a source of capital to help finance its expansion program. The uranium stockpile will be made available for sale in Canada and abroad over a period of years as opportunities arise. The government emphasized that the stockpile would be sold in an orderly fashion, consistent with a policy of avoiding disruptions in the market.

In December 1981 Eldorado announced its plans to close its Beaverlodge operation in Northern Saskatchewan. Reasons for the closure included declining ore grades, increasing costs, and decline in uranium prices.

Devco

The federal government, in February, approved the funding of $54.9 million for phase II exploratory work of the Donkin-Morien coal development project of the Cape Breton Development Corporation (Devco). The money will cover the cost of construction of portals and tunnel driveage necessary to determine if and when this property can become a commercial operation. The new mine would approximately double Devco's coal output, if operated at its full production potential by mid-1980s, and would be one of the largest underground coal mining operations in Canada.

At the same time, Devco also received approval for commitments of $54 million from the federal government for development of the Prince Mine at Point Aconi, N.S. The development will result in production of 1 million tons of coal annually by 1984.

Devco is planning the construction of a modern transportation and railway maintenance centre in the spring of 1982. The Devco railway will take delivery of four new diesel locomotives in April and delivery of 200 100-ton rapid discharge railway cars is expected to begin in May. The vessel-loading capabilities of Devco's shipping piers will also be improved this year, and engineering work for a stacker-reclaimer-blending facility will begin at the corporation's coal preparation plant.

Given the extent of planned investments, Devco is hoping to improve profits by renegotiating its sales contracts with both Sysco and Nova Scotia Power Corporation.

Equity Participation

Canada Development Corporation

The Canada Development Corporation (CDC) which is 49-percent owned by the federal government, acquired control of all the Canadian assets of Texasgulf Inc. and of Aquitaine Co. of Canada, at a cost of almost $2.5 billion. At the same time, the Société Nationale Elf Aquitaine of France spent roughly $3.3 billion to gain a 63-percent interest in Texasgulf Inc. The CDC will assume Elf Aquitaine's Canadian assets in return for relinquishing its 37-percent interest in Texasgulf.

With the takeover complete, it was announced in November that Texasgulf Canada was renamed Kidd Creek Mines Ltd. It will operate as a wholly-owned subsidiary of the Canada Development Corporation and have its own board of directors. The principal assets of Kidd Creek Mines include the silver-copper-zinc mine at Timmins, a 60-percent interest in the nearby Owl Creek gold mine, a 35-percent share of the profits (after recovery of capital costs) of the Nanisivik lead-zinc mine on Baffin Island and 40 percent of Allan Potash Mines of Saskatchewan. Based on 1980 figures, those holdings should make Kidd Creek Canada's third-largest metal producer and will be important to CDCs earnings and share performance.

Joint Ventures

An agreement has been signed by the Cape Breton Development Corporation (Devco), Algas Resources and the coal division of Petro-Canada to investigate the commercial feasibility of selling methane gas from the Devco coal mines by late 1983. If the project proves feasible, Devco will provide 50 percent of the capital costs and the other two partners the balance.

Devco and Petro-Canada are involved in a joint venture with three other companies in a $2-million study investigating the feasibility of producing liquid fuels from Nova Scotia coal. Public support for this project is provided through the Canada/Nova Scotia Agreement on Oil Substitution and Conservation.

Assistance to the Mineral Industry

Department of Regional Economic Expansion (DREE)

DREE's mandate is the reduction of regional disparities, and it has developed a number of social and economic programs to accomplish this end. Some initiatives involving the mineral sector have been taken over from EMR, which now consults on mineral projects and in some cases provides funding as well.

i The Canada-Newfoundland Mineral Development Subsidiary Agreement (1977-81) for mineral inventory and policy studies was extended to March 1982. Total funding under the program was $12.5 million, provided by DREE (45%), EMR (45%) and Newfoundland's Department of Mines and Energy (10%).

ii DREE made a $393,000 grant to Asarco Inc. and Abitibi-Price Inc. to assist in the $2.9-million project to modify the Buchans mill in Newfoundland to process tailings for the recovery of barite. The barite will be marketed through an arrangment with Bariod of Canada Limited for use in drilling muds for offshore oil and gas exploration.

iii On December 2, 1981, a new Canada-Nova Scotia Mineral Development Agreement was signed. This represented a new generation of agreements whereby the federal and provincial governments carry out separate but coordinated programs, with the same objectives and a high degree of cooperation. The agreement will run until March 31, 1984. The programs are mainly geoscientific, but do include some projects related to mineral development opportunities.

iv The federal and Nova Scotia governments signed a $96.25-million subsidiary agreement on June 2, 1981

to modernize the Sydney Steel Corporation (Sysco) steel-making facilities at Sydney, Nova Scotia. The cost will be shared 80/20 by the federal and provincial governments respectively.

v A one-year extension was signed March 13, 1981 to the $11.3 million Canada-New Brunswick Subsidiary Agreement on Minerals and Fuel Development (1976-81). This and the previous agreement form the basis for most of the activities of the Mineral Resources sector of the New Brunswick Department of Natural Resources. Funding is shared by DREE (80%) and New Brunswick (20%).

vi DREE and other government grants totalling $35 million have been approved towards the financing of the proposed $360 million (including interest costs) zinc smelter to be built by the Noranda Group of Companies (Brunswick Mining and Smelting Corporation Ltd. and Heath Steele Mines Ltd.) at Belledune, N.B. Since this project is to be built in a designated region of high unemployment, it is also eligible for the 50-percent investment tax credit.

vii The Mineral Development Agreement with Quebec (1975-81) was extended to March 1982. The total funding of $28.6 million provided by DREE (60%) and the Province of Quebec (40%) has been used for road construction, geoscientific surveys and studies, and research and development related to mineral recovery.

viii A Canada-Ontario Northern Rural Development Sub-Agreement was signed in March 1981. Under the program a temporary resident geologist is scheduled to work in the Beardmore-Geraldton district, providing advice to prospectors and explorationists. Mapping and mineral deposit studies will also be carried out under the 4-year $18.5-million program.

ix The Ridley Island Road Access sub-agreement provides $9.6 million cost-shared on a 50/50 basis by DREE and the B.C. government to build access roads for the new Ridley Island terminals.

Assistance to Mining Equipment Manufacturing

i The Department of Industry, Trade and Commerce, the Mining Association of Canada, the Mining Association of B.C. and the B.C. government sponsored a conference on 'Opportunities in Mining' in April, 1981. The conference was designed to give Canadian manufacturers a look at the market opportunities for products and services in the mining industry through discussing with mining industry leaders their investment and capital expenditure plans. The objective of the conference was to encourage Canadian manufacturers and suppliers to increase the number of products and services they supply to the mining industry, replacing many items currently being imported.

ii The Export Development Corporation (EDC) is a Crown corporation that provides a wide range of insurance, guarantee, and loan services not normally provided by the private sector to Canadian exporters and foreign buyers to facilitate and develop export trade. A number of agreements were made in 1981 which assist the export of Canadian-made mining equipment. These include:

- allocation of $2.7 million (U.S.) under a line of credit with Industrial Minera Mexico S.A. and Associated Companies (IMMSA) of Mexico to support a $3.1 million (Canadian) sale of mining equipment by Jarvis Clark Co. of North Bay, Ontario.

- a $6.8-million (Canadian) financing agreement to support an $8-million sale of Canadian equipment and services for a copper ore grinding facility in the People's Republic of China. The equipment will be supplied by Allis-Chalmers Canada Inc. of Lachine, Quebec.

- a $1.36-million (Canadian) agreement to support sales of grinding mill equipment to Marcopper Mining Corporation of Manila, the Philippines, produced by Allis-Chalmers Canada Ltd. of Montreal and Canadian General Electric Co. Ltd. of Toronto.

- a $10-million (U.S.) line of credit with the Development Bank of the Philippines; mining equipment

and services are expected to be included in the projects considered for support by the EDC.

- a $148,623 (U.S.) line of credit with IMMSA of Mexico to support sales of three heavy-duty stope wagons and parts by H.G. Wills and Sons Manufacturing Ltd. of Chelmsford, Ontario, and one grizzly rock breaker and parts by Teledyne Canada Mining Products of Thornbury, Ontario.

Labour Assistance

i The Department of Employment and Immigration and the Ministry of State for Mines have entered into two separate manpower planning agreements with the Coal Association of Canada and the Mining Association of Canada. The agreement with the Coal Association establishes a framework to survey and project employment requirements in the coal industry, and provide training in high-demand occupations. Among the ideas outlined in the agreement with the Mining Association of Canada is a 'Mining Careers Program' which now provides a national telephone answering service to handle enquiries from persons interested in mining careers. The program has been linked with the National Job Bank of the Canada Employment and Immigration Commission, which offers a nation-wide telephone/computer hookup for the rapid matching of workers and jobs. The agreement also provides for assistance to mining firms in forecasting occupational demand and supply, wage rates and working conditions, availability of public labour market programs, and the utilization of non-traditional labour forces.

ii In January, the Department of Employment and Immigration signed a one-year agreement with B.C. Coal Ltd. to train 22 heavy-duty mechanic apprentices under the Critical Trade Skills Training Initiative. The federal government is contributing $12,375 per trainee.

iii The Department of Employment and Immigration signed a national manpower planning agreement with the Canadian Council of Professional Engineers (CCPE),

November 10, 1981. Through the agreement, the Canadian Employment and Immigration Commission will consult with the engineering federation on a wide range of manpower issues, including immigration, mobility and professional qualifications. The CCPE will continue to develop its Canadian Engineering Manpower Inventory.

Research and Information Assistance

i The Department of Energy, Mines and Resources and the National Research Council have begun a computer service listing of the world's scientific and technical literature on coal published since 1977. Canada is one of fourteen countries cooperating on this data base. Access to this service will be through the Canada Institute for Scientific and Technical Information, a division of the National Research Council.

ii The federal and Ontario governments and the Ontario uranium industry agreed to contribute equally to provide $1.5 million to establish the Canadian Institute for Radiation Safety, located at Elliot Lake. The new institute has taken over the training information and related services that have been provided by industry through the Elliot Lake Centre since 1965. The institute is an independent non-profit agency directed by a board representing labour, management, government and the general public. As well as conducting research and training personnel, it serves as a documentation and public information centre on radiation safety.

iii The Department of Energy, Mines and Resources has made a number of agreements with the U.S. Department of the Interior to conduct cooperative research into mineral technology and earth sciences, and to exchange information. Activities in mineral science and technology include continuing development in radiation detection instrumentation for the workplace, and research related to health and safety in mining. Another agreement involves the exchange of earth resource data, joint research in the geosciences, preparation of and inventory of worldwide

strategic mineral resources, the study of marine geoscience, and the production of an aeromagnetic map of both countries. Finally, cooperation in the field of remote sensing from aircraft and satellite includes radar studies of the earth and production of a Landsat satellite image map of North America. Each of the agreements is valid for five years.

iv The CANMET Elliot Lake lab recently developed a system for detecting mine roof fractures. In September, CANMET started a program to field-test this system in cooperation with the Ontario Department of Labour, Denison Mines Ltd. and Rio Algom Ltd. It is hoped that this system will significantly reduce the danger of injuries and deaths from sudden mine roof collapse.

v EMR and the Nova Scotia Department of Mines and Energy agreed on cooperative programs of geoscientific surveys and development activities, to run until March 31, 1984. The federal funding is $2.7 million and the provincial share is $1.24 million.

vi Agreement was announced in August, 1981 between the federal Department of Energy, Mines and Resources and the New Brunswick Electric Power Commission on a $1.2 million study of the feasibility of converting the oil-fired Coulson Cove electrical generating plant to a partially or totally coal-fired operation. The federal government will contribute 75 percent, or $900,000 of the $1.2 million costs, with the remaining funds provided by the New Brunswick Electric Power Commission.

vii CANMET has opened a research and development laboratory in Sydney, Nova Scotia, to study methane and coal dust explosions, methane emissions, mine ventilation, and other safety concerns in Cape Breton mines. The laboratory is being established as a result of recommendations following the inquiry into the 1979 explosion in Glace Bay's No. 26 Colliery.

Infrastructure Assistance

i The federal government plans to allocate more than $1.3 billion out of the $1.9 billion Western Devel-

opment Fund to improve the western rail system through resolution of the Crow's Nest freight rates issue. CN and CP Rail have increased the capacity of their systems to meet some of the increase in demand for railway services. However, the predicted increase in demand, particularly to move northeast coal to west coast ports, will still be difficult for the railways to meet.

ii Agreement has been reached among the federal government, the Yukon government, and the White Pass and Yukon Corporation Ltd. for the financing of capital improvements to the White Pass and Yukon Railway. The federal contribution is $5 million in the form of a 20-year loan, while the Yukon provided a loan of $1 million.

iii Approximately $2 billion in private and public sector investment will be required as part of the northeast British Columbia coal development. A new townsite, called Tumbler Ridge, will be developed near the minesites, and a multimillion-dollar railway spur is now under construction to connect with the existing British Columbia Railway Company line at Anzac, north of Prince George. The CN line between Prince George and Prince Rupert will also be upgraded to facilitate coal movement. The federal government investment in this infrastructure is expected to be $304 million.

In October the federal government guaranteed loans for 80 percent of the construction costs of the coal terminal at Ridley Island, an essential part of the northeast B.C. coal development. Total construction costs are estimated at between $230 and $275 million. The remaining funds are to be provided by a federal agency, the National Harbours Board (NHB), and a private company, Federal Commerce and Navigation Ltd. of Montreal. A new company, Ridley Terminals Inc., 90 percent controlled by the NHB and 10 percent by Federal Commerce and Navigation Ltd., will design, build, and operate the facility. In order for both Teck Corporation and Quintette Coal Ltd. to meet their contractual obligations for coal deliveries, the terminal will have to be operational by December 1, 1983.

Regulation of the Mineral Industry

i The Atomic Energy Control Board granted site approval to Eldorado Nuclear Limited for a new $120-million uranium refinery at Blind River, Ontario. The project is scheduled for completion in early 1983.

ii In June 1981, the Mine Safety Services of the Northwest Territories, formerly administered by the federal Department of Indian and Northern Affairs, were transferred to the Justice and Public Services Department of the NWT government.

The NWT Chamber of Mines and other interest groups were given the opportunity to participate in the development of new mine safety regulations, environmental controls and health standards for the NWT. A submission outlining their recommendations was presented in February 1981.

iii An all-party House of Commons report on acid rain, released in October and entitled Still Waters: the Chilling Reality of Acid Rain, criticized provincial governments for their past reluctance to crack down on polluters, the federal government for failing to apply tough laws and tight controls, the polluting companies for claiming clean-up costs were unaffordable, and the U.S. government for its 'neglect and inaction'.

Specifically, it urged Ontario 'to compel' Inco Ltd. in Sudbury and government-owned Ontario Hydro to achieve 80-percent cutbacks in their pollution. The report called for five-year emission-control deadlines for Inco, Noranda Mines and Falconbridge smelters. It stated further that every existing and new coal-fired power plant in Canada should apply the best available technology to control sulphur dioxide emissions.

iv The federal government slightly relaxed its Uranium Information Security Regulations which limited discussion on uranium marketing in the early 1970s, especially with regard to the international uranium marketing arrangement, to allow the submission of evidence at the trial of six Canadian mining compa-

nies accused of contravenining Section 32 (1) (c) of the Combines Investigation Act.

The 1976 Uranium Information Security Regulations prohibit individuals with material about the international marketing arrangement which operated from 1972 to 1975 from providing information to foreign countries. The purpose of the regulations was to counter the intrusion of foreign governments and tribunals in applying their edicts extraterritorially. The amendment clarifies that the regulations do not apply to proceedings before the Canadian courts, such as the action under Combines Investigation Act.

v In response to concern expressed by the mineral industry regarding foreign ownership regulations for the nonferrous mining sector, Mines Minister Judy Erola gave assurance that the ownership objectives for the oil and gas industry do not apply to the mineral industry. However, she also stated that Canadian ownership was general government policy under the Foreign Investment Review Act (FIRA). Proposed changes to strengthen FIRA were part of the Liberal government's 1980 election campaign, but did not come before parliament in 1981. The proposed broader mandate for FIRA would allow the agency to stipulate more stringent restrictions on foreign companies investing in Canada, such as commitments for research and development spending, and opportunities for Canadian equity participation and world product mandating. A review of the administrative procedures of FIRA is underway to establish what changes are warranted, based on the agency's first seven years of experience.

The Foreign Investment Review Agency allowed an Italian state-owned mineral exploration and development company to launch a new company in Canada, subject to certain ownership undertakings. The Italian company, Societa Azionaria Mineraria E Metallurgica (Samin), agreed not to buy into any developed Canadian reserves unless they were at least 50-percent domestically owned after the purchase. In addition, the company undertook not to participate in any metal mining project unless it had at least 50-percent Canadian ownership. The Samin case is, however, not a precedent, according to FIRA.

A FIRA approval in January also published undertakings for a 50-percent Canadian equity participation in a coal project proposed by Esso Resources Canada Ltd., a unit of Imperial Oil Ltd. of Toronto. FIRA is now publishing its list of company undertakings more frequently, as a guide to government policy objectives.

vi In July, the federal Department of Indian Affairs and Northern Development announced cabinet approval for development of a new policy on northern land use planning for the Yukon and Northwest Territories to improve management of land resources in the north and to resolve conflicting interests of resource users. Actual implementation measures were still under study at the end of the year.

vii In February a Draft Green Paper was released by the Department of Indian Affairs and Northern Development (DIAND) reviewing the implications of potential development in the Lancaster Sound area of the Northwest Territories. The review process was spurred by environmental opposition to offshore drilling in the area. The final version of the Green Paper is expected in April, 1982.

viii A report issued in September 1981 by the Department of Indian Affairs and Northern Development recommended that the United Nations International Biological Programme (IBP) ecological site at Polar Bear Pass be protected by a management committee with the authority to allow most petroleum and mineral operations on site. The Minister of DIAND was to decide on the future of Polar Bear Pass early in 1982.

Marketing and International Trade

i As part of the Cantrade '81 exhibition (sponsored jointly by the Canadian Imperial Bank of Commerce, Air Canada, and International Canadian Trade Fair Ltd. and held in Edmonton in June 1981), the Canadian International Development Agency (CIDA) hosted some 34 businessmen from developing countries with expressed interest in establishing commercial connections with Canadian companies. In addition, CIDA

set up a Joint Venture Bureau to assist potential partners in writing up their joint ventures on the spot. The $100,000 funding for this venture was from CIDA's Industrial Cooperation Division, responsible for encouraging expansion of commercial interests between Canada and developing countries.

ii In June 1981, some 50 countries established the text of the Sixth International Tin Agreement. The main economic provisions of the Sixth Agreement included:

- a 'normal' buffer stock of 30,000 tonnes of tin metal. This stock is to be financed by direct government contributions which are shared equally by producing and consuming groups;

- an additional stock of up to 20,000 tonnes to be financed through loans or, if necessary, government guarantees;

- export controls may be imposed when buffer stock holdings reach a pre-agreed amount.

The agreement requires ratification by 80 percent of each group of countries (producers and consumers). Provisional entry into force requires approval by 65 percent of each of the groups of consuming and producing countries that were accredited to the conference. Major reservations on the text have been expressed by the United States, the leading consumer, and Bolivia, a major producer. In fact, the USA has stated that it will not join the new agreement. Canada has until April 30, 1982 to decide on signing. The agreement is scheduled to enter into force for a 5-year period beginning July 1, 1982.

iii The Tenth Session of the Law of the Sea (LOS) Conference was held August 3-28 in Geneva, with representatives from the federal government, the Ontario and Manitoba governments, the Mining Association of Canada and the United Steelworkers of America making up the Canadian delegation concerned with mining issues. While discussion on seabed mining issues remained more or less stalled, there was some progress on boundary delineation, (an important item for Canada, which has a wide continental shelf).

The Drafting Committee, headed by Canada's Ambassador to the LOS, Mr. A. Beasley, made progress on putting the text into formal legal terms. At the end of the session, a new 'Draft Convention' was issued.

iv In mid-December the federal government reached agreements with the European Atomic Energy Community (Euratom) and the Government of Sweden regarding approval of the reprocessing of irradiated uranium supplied by Canada. Each agreement incorporates a generic approach to reprocessing which will provide Canada with the non-proliferation assurances it requires for the reprocessing of Canadian nuclear material exported to Euratom and Sweden, give the purchasers the long-term predictability they need for using such material in their nuclear energy programs, and advance the evolution of an effective non-proliferation framework with the co-signing parties.

Taxation Matters Affecting the Mineral Industry

i The federal government expanded its 2-year accelerated tax write-off program for specified energy conservation equipment. Under Schedule II (capital cost allowances) of the income tax regulations, conservation equipment in Class 34 may now be written off in two years.

Equipment must be certified to be eligible for the write-off. The certification procedures have been transferred to Energy, Mines and Resources from the Department of Industry, Trade and Commerce. The termination date for the tax write-off program was extended to the end of 1984 and new categories of eligible equipment have been added.

Eligible equipment includes that used for generating electricity at small hydroelectric sites, heat recovery equipment, and active solar heating systems. Other changes complement the federal off-oil program.

ii The federal budget of 12 November 1981 included the following measures related to the mineral industry:

- the 50-percent Investment Tax Credit for designated regions of high unemployment was continued;

- incentives were provided to those who invest in shares of junior mining firms carrying out exploration and development activities. Investors continue to write off their exploration and development expenditures against other income. If shares are sold, the proceeds will be treated as capital gains rather than ordinary income;

- provision for tax relief on certain employment allowances in the north and isolated posts was extended, but only to the end of 1982. The government began a study of alternatives through which assistance to employees in such locations can be provided after 1982. It was proposed that any government assistance provided after this date must take the form of an expenditure program rather than a deduction or exemption from taxable income.

- for taxation purposes, iron ore mining now ceases at the pellet stage rather than the pig iron stage;

- other tax changes involved the treatment of proceeds from the sale of mining properties, the treatment of interest deductions on loans for investment in shares of Canadian corportions, and the half-year convention for expenditures on capital assets.

From 1981, the following have been disqualified for earning depletion, and will instead reduce 'resource profits' for the purpose of determining resource allowance:

i administrative and other indirect expenses not principally attributable to exploration or development activities;

ii charges by related parties in excess of direct costs for property rentals or services related to exploration or development.

4. BRITISH COLUMBIA

Direct Investment or Equity Participation

B.C. Hydro Authority

The environmental impact statement for B.C. Hydro's proposed coal-fired powerplant at Hat Creek was released in May. The company will apply for an energy project certificate in 1982, and if approved, would begin construction in early 1984. The first phase of the project is estimated to cost about $5 billion. The Hat Creek project will be fueled by an open-pit coal mine in the Hat Creek Valley. The powerplant will be the first in Canada to include flue-gas desulphurization equipment as an integral part of its design, and will meet both federal and B.C. ambient air quality and emission guidelines.

The Authority has coal licences covering the Hat Creek deposit and has undertaken exploration and feasibility studies. However, recent forecasts of power demand in B.C. make the timing of the development uncertain.

Assistance to the Mineral Industry

Research and Information Assistance

A Critical Trades Survey was prepared for the British Columbia Ministry of Labour in March, 1981. The objective of the survey was to develop a medium term forecast which could be utilized to adjust and determine provincial training policies. According to the survey, mining industry tradesmen account for one-fifth of the projected shortfall in critical tradesmen by 1984.

Infrastructure Assistance

The British Columbia government and its agencies invested $701 million ($1981) in infrastructure related to the northeastern B.C. coal development. Infrastructure for the first stage of this development includes a new town at Tumbler Ridge, a new rail link between Anzac, north of Prince George, and the new town, a port terminal at

Prince Rupert, a new paved highway between Chetwynd and Tumbler Ridge and upgrading of the existing Heritage Highway, upgrading of existing B.C. Rail and CN rail lines between Anzac and Prince Rupert, 10 new unit coal trains consisting of 100 cars each, and a power supply to the mines and towns. The estimated cost of the whole development to completion in 1986 is expected to amount to $2.8 billion, $1.6 billion from the private sector and $1.2 billion from the public sector.

DREE/British Columbia

Access roads for the new Ridley Island terminals at Prince Rupert will be funded on a 50/50 basis by DREE and the British Columbia government under a $9.6 million sub-agreement.

Regulation of the Mineral Industry

The report of the Royal Commission of Inquiry into Health and Environmental Protection in Uranium Mining (The Bates Commission Report) was tabled in the legislature on March 18. It recommended that the seven-year moratorium on uranium exploration be lifted after establishing proper safeguards for exploration. Despite the recommendations, the B.C. government has indicated that the moratorium will not be lifted at this time.

The B.C. government has approved the stage 1 proposal for Teck Corporation's Bullmoose metallurgical coal property in northeastern British Columbia. Stage 2 reports under the Guidelines for Coal Development were filed by Teck Corporation (Bullmoose), Denison Mines Ltd. (Quintette), Petro-Canada (Monkman) and Rio Algom (Sage Creek).

Taxation Matters Affecting the Mineral Industry

Effective January 1, 1981, the basic corporate tax rate was increased from 15 to 16 percent. Since the tax note on income qualifying for the federal small business deduction was reduced from 10 to 8 percent, the rate for smaller producers is basically 8 percent.

5. ALBERTA

Taxation Matters Affecting the Mineral Industry

A Placer Mining Regulation has been issued under the Mines and Minerals Act that establishes royalty rates of 10 percent of placer mineral produced in excess of one troy ounce by a permit holder, and 10 percent of placer mineral produced by a lessee. These new rates replace an earlier royalty of 2.5 percent of production from placer claims under the Placer Claims Royalties Regulations.

The rate of interest payable on any unpaid disposition under the Mines and Minerals Act was increased, from 14.75 percent p.a. to 18 percent for the month of January and to 19.25 percent from February 1, 1981.

6. SASKATCHEWAN

Direct Investment or Equity Participation

Crown Corporations

Potash Corporation of Saskatchewan

The Potash Corporation of Saskatchewan (PCS) continued an extensive expansion program announced in 1979 and 1980. Expansion was completed at Rocanville, so that from the beginning of 1982 the mine will have a capacity of 1,090,000 t/y. A first-stage expansion at Lanigan to raise capacity to 830,000 t/y was approaching completion, and ground was broken for a further major expansion that would more than double mine capacity to 1.74 million t/y. At Bredenbury, an environmental study was completed that will allow PCS and the Government of Saskatchewan to make the final production decision early in 1982.

PCS is conducting separate feasibility studies with Agrico Chemical Co. and Ocelot Industries Ltd. to examine nitrogen plant construction possibilities. The PCS/Agrico study includes consideration of ammonia phosphate prospects as well. In addition PCS is considering production of a potassium sulphate fertilizer, which would open up new markets for the provincial sodium sulphate industry.

Despite weakness in the world potash market over the last six months of 1981, PCS announced in December that production levels at the five mining divisions were maintained at approximately the record production levels of 1980. PCS stressed that there would be no lay-offs during 1981 at any of its operations and that, during this period of lower-than-anticipated demand, inventory will be built up at the mine sites, in hopes of significantly improved market conditions early in 1982. The opportunity will also be taken to carry out any necessary maintenance work. However, continued low demand could lead to curtailment of production and temporary lay-offs by mid-1982.

Saskatchewan Oil and Gas Corporation

The provincially-owned Saskatchewan Oil and Gas Corporation (Saskoil) launched a techno-economic feasibility study of coal liquefaction to determine which process would be best suited to producing liquid fuels from Saskatchewan's lignite coal. The study, scheduled for completion in the spring of 1982, is funded jointly by Saskoil and the federal Department of Energy, Mines and Resources. Subsequently, Petro-Canada Exploration joined the project.

Saskatchewan Mining Development Corporation

Saskatchewan Mining Development Corporation (SMDC) has a mandate to participate in the development of all minerals in Saskatchewan except sodium sulphate and potash. It is also designated as the agent of the Crown to administer the Crown Equity Participation Program which permits the Crown to earn up to 50 percent equity interest in mineral claims, claim blocks and permits acquired under the Mineral Disposition Regulations after March 1, 1975.

Though still focusing on uranium, SMDC will diversify its operations. The base and precious metal exploration budget was increased from $2.2 million in 1980 to $4 million in 1981, while the total exploration budget decreased slightly from $35.5 million to $34.9 million. The majority of its base metal exploration is presently in the Flin Flon district, along the Manitoba border. SMDC has also ventured out of Saskatchewan, with a Vancouver exploration office and exploration work in B.C., Yukon and the NWT.

Saskatchewan Minerals

Saskatchewan Minerals, the provincial Crown corporation involved in the sodium sulphate industry, increased its reserves in 1981 with the purchase of Sybouts Sodium Sulphate Co. Ltd.

Regulation of the Mineral Industry

Uranium

In late August, the Department of Northern Saskatchewan approved a surface lease agreement for Key Lake Mining Corporation's uranium mine-mill project. The approval follows the 13-month Key Lake Board of Inquiry. The recommendations of this inquiry outline the conditions of approval of the $500-million project. These include:

- protection of environmental quality;
- safeguards for occupational health and safety;
- incentives for northern development;
- positive hiring of native northerners, women, and handicapped;
- social aid programs to assist employees with personal family, financial, or legal problems;
- government investigation of the feasibility of establishing scheduled air service in northern Saskatchewan to facilitate intercommunity travel;
- establishment of a program for advising and protecting traditional resource users who may be adversely affected by such developments.

Signing of the surface lease agreement will permit development of the first of two Key Lake uranium deposits, the Gaerten mine. Scheduled to open in mid-1983, it is expected to produce over 5 million kg of uranium concentrate per year, employ about 400 people, and cost over $450 million.

The application of Gulf Minerals Canada Limited for development of its Collins Bay 'B' uranium deposit is under consideration by the provincial government. Public meetings have been completed to help determine whether a full public inquiry is required prior to approval.

Potash

The provincial government denied approval of a proposed $72-million expansion project of Central Canada Potash, a wholly-owned subsidiary of Noranda Mines. Two reasons were cited for the denial. First, because of a number of expansions recently approved, as well as construction of

one new mine, the province is concerned that additional projects would cause difficulties for the provincial economy in obtaining materials, supplies, and skilled workers. Secondly, completion of the project, together with the projects previously announced, could within a relatively short time cause some difficulties for the industry as a whole and could lead to cutbacks in production and lay-offs. The government stated that it is committed to the maintenance of a strong provincial economy with steady growth and high employment, and is, therefore, 'not prepared to consent to any project which does not contribute to these objectives'. CCP had already spent some $4.2 million on the project. Concurrent with the denial of this expansion, a joint International Minerals and Chemical Corporation (Canada) Limited (IMC)/PCS expansion of 1.3 million KCl tons was approved.

The Potash Corporation of Saskatchewan and the unions representing its employees formed an 18-member Work Environment Board to conduct research into the quality of the total working environment in potash mines and to recommend possible improvements. The board was established through an agreement among the Potash Corporation of Saskatchewan, its subsidiary PCS Mining, the United Steelworkers of America, the Energy and Chemical Workers Union, the Rocanville Potash Employees Association and the Occupational Health and Safety Branch of the provincial Department of Labour.

Marketing and International Trade

The Potash Corporation of Saskatchewan (PCS) has created a new subsidiary, PCS International, to handle its marketing. PCS is planning a $2.5-billion expansion program which will triple production to almost 12 million tonnes by 1990. In light of this expansion, it felt the need for its own marketing arm to make direct marketing arrangements with its customers covering the sale, transportation and distribution of its product to offshore markets. Therefore, effective July 1, 1982, PCS will be withdrawing from Canpotex which had previously handled these PCS sales.

Taxation Matters Affecting the Mineral Industry

Effective January 1, 1981, the corporate income tax rate applicable to small businesses eligible for the federal small business deduction was reduced from 11 percent to 10 percent of taxable income. The rate applicable to other corporations was unchanged at 14 percent of taxable income.

7. MANITOBA

On November 17, 1981, the New Democratic Party, headed by the Hon. M.H. Pawley, was elected to form the new government. During the election campaign Mr. Pawley indicated that the Crown corporation, Manitoba Mineral Resources Ltd., would expand its role in mineral exploration, including participation in joint ventures with the private sector.

Direct Investment or Equity Participation

Crown Corporations

Manitoba Mineral Resources Ltd.

The International Minerals and Chemical Corporation (Canada) Limited (IMC) and the Manitoba government signed a memorandum of intent that could lead to the development of the first potash mine in Manitoba. If the mine is developed, the Manitoba government would have a 25-percent share in the $600 million project through its Crown corporation, Manitoba Mineral Resources Limited MMR), as well as hold an option to acquire an additional 15 percent of the shares within five years of commissioning. However, the memorandum expired December 15, 1981. Since the new NDP government took office, the venture has been in abeyance.

A joint venture agreement has been signed by MMR, Granges Exploration AB & Co., Granges International Mining (both of Sweden), Outokumpu Oy (of Finland), and Hudson Bay Mining and Smelting (HBM&S), for the development of the Trout Lake copper-zinc orebodies near Flin Flon, Manitoba. The holdings in this joint venture are: HBM&S, 44 percent; the Scandinavian partners, 29 percent; and MMR 27 percent.

Assistance to the Mineral Industry

The Manitoba Ministry of Labour and Manpower has developed a Critical Trades Skills Training Program with the cooperation of the federal government. It is designed to

train people for highly skilled work where shortages exist and to reduce dependence on off-shore recruitment.

Regulation of the Mineral Industry

New regulations were adopted in June 1981 designed to give further encouragement to mineral exploration in Manitoba. 'The Mineral Disposition Regulation 1981' sets out revised terms and conditions for obtaining, working and holding Crown mineral dispositions other than oil and natural gas, quarry minerals, and potash.

The revised regulations call for:

i restoration of 21-year terms for mining leases, with automatic renewal if certain conditions are met, and the restoration of grouping of leases and/or claims by order-in-council;
ii maintenance of fees, rentals and work requirements for holding leases at substantially the same level as before;
iii reinstatement of a complete mechanism for recording assignments, transfers and other documents against mineral dispositions, as well as a procedure to resolve disputes;
iv inclusion of a requirement for an airborne geophysical licence;
v provision of free assays for holders of mineral dispositions;
vi streamlining of administrative procedures.

The Mineral Taxation Act was changed to The Oil and Natural Gas Tax Act, also effective January 1, 1981, to reflect its application more accurately and to avoid confusion with The Mining Tax Act.

Changes to the Metallic Minerals Royalty Act became effective January 1, 1981. The changes were:

i the definition of 'mineral' in the act was revised to include potash;
ii the title of the act was changed from the Metallic Minerals Royalty Act to the Mining Tax Act to extend the application of the mining tax to metallic mineral and potash production from freehold lands;

iii references to depreciable assets were revised to include those which may be peculiar to potash processing;

iv the word 'royalty' was replaced by 'mining tax' throughout the act to accord with the change in title.

8. ONTARIO

Direct Investment or Equity Participation

Suncor Inc.

The Ontario government purchased 25 percent of Suncor Inc. in November at a cost of $650 million. The government will not be involved in the active management of Suncor, but has been given 3 of the 14 seats on Suncor's board of directors plus the right to negotiate for the purchase of up to an additional 26 percent of the common shares if no one else buys them. No pricing formula for the additional shares was included in the original purchase agreement. While primarily an oil company, Suncor is in the process of expanding its activities into coal exploration. It has, for example, been granted a licence jointly with Brinco Ltd. to explore for coal in Nova Scotia.

Assistance to the Mineral Industry

Premier Davis, at the 49th Annual Prospectors and Developers Association meeting in March 1981, announced a number of new mineral-related programs as part of the $1.5 billion five-year BILD program. The Board of Industrial Leadership and Development (BILD) is a committee of cabinet having broad responsibilities of a strategic nature aimed at consolidating and coordinating the government's total economic development.

One of the programs announced was a $10-million fund to encourage the construction of custom gold milling facilities in northern Ontario. The milling fund will provide, through incentive grants to qualified applicants, part of the capital needed to build and operate gold milling plants in selected areas in Ontario.

Another program announced as part of BILD is the Hydrocarbon Energy Resources Program. This is a five-year $12.6-million program to stimulate the use of Ontario's fossil fuels. It involves assessing lignite, peat and oil shale resources and evaluating mining methods.

A new $7.7-million program of loans and grants for the development of industrial mineral deposits was also outlined. The initiative is intended to assist companies in making approved investments in new capital projects.

For suppliers of exploration equipment, Davis announced the creation of an Exploration Technology Development Fund. The $5-million fund is to help mineral exploration companies develop new ways to locate now-undetectable mineral deposits in the Canadian Shield. Costs of approved projects will be shared on a 40-60 basis between research companies and the Ontario government.

A new incentive to support and encourage mineral exploration activity will be the establishment of eleven drill core storage facilities across the province. This $5-million program will establish libraries of drill cores that will provide a permanent record of geological information to the mining industry. This is intended to reduce the cost of exploration by providing ready access to existing drill core information.

Davis also promised to create better access to venture capital and to avoid repressive taxation in an effort to help the expansion of the Ontario mining industry.

Ontario, along with the federal government and the Ontario uranium industry, invested $500,000 to establish the new Canadian Institute for Radiation Safety in Elliott Lake. (See Federal: Assistance to the Mineral Industry, Research and Information.)

The old Mineral Exploration Assistance Program (MEAP), which made loans of up to $33,000 for exploration work in designated areas, was replaced late in 1980 by the Ontario Mineral Exploration Program (OMEP). The new program makes forgivable loans or allows tax credits of up to $250,000 to companies or individuals not involved in mining in Ontario. It is applicable anywhere in the province. By the end of 1981, 146 programs were in progress and eligible for $8.4 million in grants and credits.

DREE/Ontario

A five-year Canada Ontario Northern Rural Development Sub-Agreement was signed in March 1981. It includes a

$4-million natural resources program. The community-based geological surveys subprogram includes mapping and mineral deposits studies. A temporary resident geologist was established in the Beardmore-Geraldton district to provide advice to prospectors and explorationists. A resource diversification program makes money available to fund feasibility and marketing studies in natural resources, including minerals.

Regulation of the Mineral Industry

Further Processing

The Ontario Cabinet granted a one-year exemption from the domestic processing requirement under Section 104 of the Mining Act to Teck Corporation's Silverfields mine at Cobalt. Section 104 is intended to encourage producers to process Ontario ores within Canada to the greatest practical extent, and forbids processing of concentrates outside of Canada, subject to certain exemptions granted by Cabinet. Since the closing of Canadian Smelting and Refining Ltd. at Cobalt, no other Canadian refinery has been able to handle Silverfields' concentrates.

The exemption covers both flotation and gravity silver concentrates. The Natural Resources Minister stated that the mine has been enabled to stay open due to the favourable terms that Teck/Silverfields obtains from foreign processors, under the current depressed silver prices. The Ontario government hopes to sustain mineral activity in the Cobalt area until such time as market forces will stimulate greater activity and interest.

Health and Safety

The Report of the Joint Federal-Provincial Inquiry Commission into Safety in Mines and Mining Plants in Ontario was released in July 1981. The Burkett Commission was established as a result of the sharp increase in accidents and fatalities during 1980. A number of its recommendations were acted upon before the end of the year. These include separation of the Mines Accident Prevention Association of Ontario from the Ontario Mining Association, and establishment of a committee to design a modular training program for first-line supervisors.

The Ontario government's Royal Commission on Matters of Health and Safety Arising from the Use of Asbestos in Ontario, formed in 1980, conducted an intensive series of public hearings during mid-1981 as phase 1 of the commission. Research programs deemed necessary to improve understanding of the issues presented include topics such as asbestos in public buildings, sampling and measurement, technical feasibility and cost of controlling asbestos fibres in the workplace, and workers' compensation. Phase 2 submissions and hearings were heard in the latter part of 1981 and extended into 1982.

Taxation Matters Affecting the Mineral Industry

Development Expenses

All development expenses incurred in Ontario continue to qualify for 100 percent deduction from income. For all other development expenses incurred elsewhere in Canada, as of May 20, 1981, Ontario will parallel the federal tax treatment. (For federal tax purposes, the cash cost of acquiring a mining property is deductible at a 30-percent declining rate and other mining development expenses are deductible at a 100-percent rate).

Exploration and Development Grants

Ontario will parallel the federal requirement that any assistance or benefit from a government, municipality or public authority must be deducted from Canadian exploration and development expenses under the Federal Income Tax Act. To bring Ontario into line with the special tax treatment of small business development bonds allowed under the Federal Income Tax Act, interest on obligations qualifying under the federal program will be treated as dividends in computing taxable income for Ontario purposes. After September 30, 1981, Ontario will also parallel recent federal changes regarding the calculation of corporate tax instalments. Newly amalgamated corporations will treat the combined taxes paid by predecessor corporations in the previous year as taxes paid by them in computing their tax installments.

Other Changes

The fast write-off for energy-efficient equipment will be extended to include equipment acquired before 1985. (This change parallels the federal changes to Class 34.)

In determining whether a corporation qualifies for the flat capital tax rates, its taxable paid up capital will include the taxable paid-up capital of associated corporations. If the corporation is a member of a partnership, it will include, in addition to its own share, the share of any member related to it. These provisions are designed to discourage the incorporation of more than one company so that each company has a taxable paid-up capital low enough to be eligible for the flat capital tax rates.

9. QUEBEC

Direct Investment or Equity Participation

Crown Corporations

Société Québécoise d'Exploration Minière (SOQUEM)

The 1981 exploration budget of SOQUEM, the mineral exploration and development arm of the Quebec government, will be about $9 million, an increase of about 10 percent over last year. Of this amount, 73 percent represents SOQUEM's contribution and the remaining 27 percent comes from the partners in joint ventures. A total of 61 projects are involved, all situated in Quebec.

The SOQUEM partnership formed in 1980 resulting in Exploration Aiguebelle Inc. completed its first public financing and intensified exploration and development work on its properties, primarily in the Abitibi-Temiscamingue area. The Destor gold mine and a limestone quarry are expected to go into production in 1982.

SOQUEM has also acquired interest in the Sullivan Mining Group through purchase subscription to 1,500,000 shares of its capital stock. By 1983 this participation will bring $8.2 million into Sullivan, increase its cash flow to $20 million, and enable the company to increase its mining exploration in Quebec.

Société Nationale de l'Amiante (SNA)

The judicial dispute between the Quebec Crown corporation, Société Nationale de l'Amiante (SNA) and General Dynamics Corporation of St. Louis (GD) for control of Asbestos Corporation Ltd. (ACL) culminated on March 5, 1981, when an Appeals Court decision upheld a Quebec Superior Court ruling that the expropriation legislation (Bill 121) introduced by the government of Quebec in 1978 was constitutional.

Private negotiations subsequent to the court ruling resulted in a decision on November 8, 1981 that the Quebec government will pay $17 million to General Dynamics Corp. (GD) for 51 percent of the voting rights in General

Dynamics Canada (GDC). GDC is a General Dynamics subsidiary which owns the 54.6-percent control block of ACL. (The Québec pension fund investment agency, the Caisse de Dépot et Placement du Québec, owns 10 percent of the ACL stock). GDC will subsequently be renamed Mines SNA Inc.

SNA will thus control ACL, though the ownership will remain with General Dynamics. In the following five years, GD has the option to sell its interest in GDC to SNA for $65 million, compounded at 16 percent per annum.

During the last 90 days of the five-year period, if the U.S. parent still does not choose to sell, SNA can exercise its option to buy, but for $65 million compounded at 17 percent per annum. These commitments expire after five years, but each partner keeps the right of first refusal if the other partner wants to sell its interest in GDC. The total cost of the takeover will be dependent on the timing of the share purchase, but estimates, using different assumptions, range from approximately $80 million to $160 million.

Pursuing its objective of developing processing of asbestos fibre in Quebec, Société Nationale de l'Amiante (SNA) has constructed an asbestos mill, Filac-SNA, in cooperation with a local company.

In December, Société Nationale de l'Amiante entered into an agreement with Descon International Ltd. to develop and produce a new model of prefabricated houses specially designed for tropical areas. The project is consistent with the Quebec government's policy of developing new asbestos products and pursuing new markets. The initial investment will be $1.08 million.

Equity Participation

Caisse de Dépôt et Placement du Québec (CDPQ)

In addition to its 10 percent interest in ACL, Caisse de Dépôt et Placement du Québec (CDPQ) also has an 11-percent share in Noranda, through its holdings of 30 percent of the preferential shares of Ressources Brascade Inc.

Assistance to the Mineral Industry

Labour Assistance

To help alleviate the scarcity of qualified manpower in the mining industry in 1981, the Quebec Ministry of Education introduced a modular training program for miners. The administration of this program is divided among the School Board, which supervises the program; the Regional Centre for Professional Development, which selects the candidates; and the mining companies, which provide the instruction and work location. The wages and salaries of the instructors and candidates are provided by the federal Department of Employment and Immigration.

Exploration Assistance

To help stimulate mining exploration in the province, a five-year exploration plan for the Gaspé and the North Shore areas was announced by the Ministry of Energy and Resources. The first steps in the implementation of this program are the opening of a permanent regional mines office at Sainte-Anne des Monts in the Gaspé in November, and the placement of two geologists responsible for drawing up exploration plans for the area.

Following its policy of participating in exploration programs with prospectors and mining companies, the Ministry of Energy and Resources has signed 5 agreements with companies and 2 with prospectors.

Regulation of the Mineral Industry

Mineral Rights

In order to facilitate exploration in Quebec, Bill 35 was introduced in November. This bill proposed the revocation of mining licences granted before 1911, of mining rights that were associated with land before 1880, and mining rights connected with surface rights. The owners of mining rights cancelled by the law would be compensated by an amount equal to 3 percent of the market value of well-head production of oil, natural gas and other substances, and to 5 percent of the annual profit flowing from the exploitation of other mineral substances originating from the ground from which the rights were revoked.

An area of 220 km reserved by order of the Ministry for inventory costs and for mining research (the first in 1977 and the latter in 1980) has been returned to free staking status.

Safety

The Beaudry Commission on Mine Safety, established to investigate the cause of the cave-in which occurred in May 1980 at the Belmoral mine at Val d'or, has since expanded its mandate to include all aspects of the province's underground mines. The first part of the commission's report was released in April 1981. The report blamed the firm for putting cash flow before safety. Following the report, Belmoral was charged with eight counts of manslaughter, but was acquitted early in 1982.

Taxation Matters Affecting the Mineral Industry

The rules governing payment of duties under the Mining Duty Act have been synchronized with those governing the income tax payments under the Taxation Act. For a taxation year beginning after March 31, 1981, the operator of a Quebec mine will have to pay monthly mining duties installments based on the lesser of estimated annual profits for the current year and annual profits for the previous year. The monthly payments will start with the first month of each fiscal year and the balance will be due two months after the year-end. (Under the previous terms of the Act, monthly payments of duty for a fiscal year had to start by the end of the seventh month.)

In order to encourage public financing of exploration in Quebec, the write-off of 166-2/3 percent of expenses related to exploration granted to individuals participating in limited liability exploration companies has been extended to December 1985. Quebeckers get the 166-2/3 percent deduction on Quebec taxes and 100 percent on federal taxes. Corporate investors are limited to 100 percent in both jurisdictions.

Quebec's 1981 budget introduced major changes regarding corporate income and capital taxes, in an effort to promote economic development and establish new business in

the province. Corporate income tax rates on active business income were thus cut from:

i 12 percent to 3 percent effective July 1, 1981 on earnings qualifying for the federal small business deduction; and
ii 13 percent to 8 percent effective January 1, 1982 and to 5½ percent effective January 1, 1983 on other active business income.

To compensate for the expected reduction in corporate income tax revenue of some $434 million, substantial increases in employer contributions to the Quebec Health Insurance Fund and in Quebec capital taxes were introduced. Effective April 1, 1981, the rate for employer contributions to the Quebec Health Insurance Fund was increased from 1.5 percent to 3 percent of the total wage bills.

The general rate of Quebec capital tax on corporations has been increased from 0.3 percent to 0.45, p[illegible]rcent effective July 1, 1981. The increase makes capital taxes in Quebec the highest in Canada. Finance Minister Mr. Parizeau pointed out that (assuming a rate of return of 15 percent on capital) the new Quebec capital tax rate will be the equivalent of a 3-percent tax on income.

To mitigate the substantial increase in Quebec capital tax rates, a 'tax credit' will be available to corporations experiencing losses in taxation years after March 10, 1981. The credit against capital tax payable will be 3 percent of the amount of the business loss allocable to Quebec. Any unused credit may be carried forward for up to 5 years and applied to reduce any Quebec income or capital taxes payable in respect of those years.

In 1977, the Quebec government created an Industrial Incentives Fund (under the Fiscal Incentives to Industrial Development Act) to be maintained by small and medium-size firms which could elect to deposit 50 percent of their provincial income tax payable in this fund. Firms could then use these deposits to finance up to 25 percent of the cost of allowable manufacturing and processing expenditures. With the substantial reduction in the Quebec corporate tax rates, the fund loses its useful-

ness. For taxation years ending after 30 June 1981, therefore, corporations with money in the fund will be able to withdraw it at a rate of 50 percent of the cost of eligible investments, rather than the present 25 percent rate.

10. NEW BRUNSWICK

Assistance to the Mineral Industry

DREE/New Brunswick

In March 1981 a one-year extension was signed permitting the five-year $11.3-million Canada-New Brunswick Subsidiary Agreement on Minerals and Fuel Development to continue to March 31, 1982. This agreement has provided the funding for most of the activities of the Mineral Resources sector of the Department of Natural Resources since 1970.

DREE and other sources will provide grants totalling $35 million to help finance the proposed 100,000 tpy zinc reduction plant at Belledune, New Brunswick. The plant is a joint venture of Brunswick Mining and Smelting Corporation Ltd. and Heath Steele Mines Ltd., and will cost about $360 million including interest and working capital.

Research and Information

The New Brunswick Department of Natural Resources, as part of its effort to press for more intensive and extensive exploration of oil shale deposits, funded the first phase of a two-part study of oil shale as a fuel this year. Phase one is an investigation of oil shale as a flux for fixing sulphur in New Brunswick coal. Phase two, yet to be funded, will involve measuring hydrocarbon accumulation observed in upper shale levels, then testing it as a possible boiler feed and source of refineable hydrocarbon.

Regulation of the Mineral Industry

In September, the New Brunswick Department of Natural Resources called for individual exploration proposals for nine of eleven blocks, each about 72,000 acres, in potential kerogen-bearing shale areas. Successful bidders are granted a three-year 'licence to search', renewable for another two years. Each licence agreement includes a

stipulation of minimum exploration expenditures. A 1981 amendment to the New Brunswick Bituminous Shale Act created the new three-stage licence.

Taxation Matters Affecting the Mineral Industry

Bill 91 to amend the Mining Income Tax Act was passed in 1981 and came into force on April 1, 1982. The act has been renamed the Metallic Minerals Tax Act. The 25-percent credit is to be withdrawn for eligible exploration expenditures, and such expenditures become eligible for a deduction of $1.50 for every $1 of eligible exploration expenditures incurred.

As of January 1, 1981, the standard corporate income tax rate applicable to corporate income not eligible for the federal small business deduction was increased from 12 percent to 14 percent of taxable income. The rate for small corporations remains unchanged at 9 percent.

11. NOVA SCOTIA

The Nova Scotia government's first priority in its energy strategy is to develop its coal resources. Its goal is to increase coal production from the present three million tonnes per year to at least seven million tonnes by the year 1990. Nova Scotia is now well into a program of expansions and improvements to existing mines as well as the development of new underground and surface mines.

Direct Investment or Equity Participation

Crown Corporations

Nova Scotia Resources Ltd.

A major development of 1981 was the establishment of a new provincial Crown corporation, Nova Scotia Resources Ltd. The company is responsible for the management and development of Nova Scotia's energy and mineral resources (with the exception of those managed by Devco) for the greatest benefit to Nova Scotians. More specific policy objectives of the company are:

i to create new jobs for Nova Scotians;
ii to promote maximum resource processing in Nova Scotia;
iii to promote the development of a petrochemical industry;
iv to develop management expertise among Nova Scotians;
v to ensure secondary industries get all possible benefits from growth in the energy sector.

In November, steps were initiated to transfer the shares of Novaco Ltd., (the provincial Crown corporation responsible for surface coal mining in Nova Scotia) and the Tidal Power Corporation to Nova Scotia Resources Ltd. Through this transfer, Novaco and the Tidal Power Corporation became operating subsidiaries of Nova Scotia Resources Ltd. The transfer was a first step towards meeting one of Nova Scotia Resources' primary objectives: the consolidation of the province's resource development companies within a single organizational framework.

Novaco Ltd. called for tenders in August to begin preliminary work on a new coal mine near Springhill, N.S. The mine should be operational by early 1983 and produce 100,000 tonnes of coal annually to be sold to Nova Scotia Power Corporation thermal power plants. The mine development plan calls for Noval Co., a subsidiary of Novaco and of Algas Resources Ltd., to drain methane gas from the mine for sale to local industries.

Joint Ventures

The Scotia Coal Synfuels Project, a consortium of private and Crown corporations, has been formed to study the feasibility of building a coal liquefaction plant in Nova Scotia. The study will examine the feasibility of using Cape Breton coal to produce gasoline and diesel fuels. The study is to be completed by the end of 1982. If the consortium decides to proceed with the project, production of transportation fuels would begin in 1986 or 1987. Nova Scotia Resources Ltd. will invest $300,000 for a 19.5-percent interest in the project along with four other members of the consortium: Algas Resources Ltd, Petro-Canada Exploration Inc., Gulf Canada Products Co., and the Cape Breton Development Corporation (DEVCO). Alastair Gillespie & Associates Ltd., the sixth member of the consortium, will invest $25,000 for the remaining 2.5 percent interest.

Public support for the $2-million Scotia Coal Synfuels Project will come from the Canada/Nova Scotia Agreement on Oil Substitution and Conservation. The project fulfills one of the objectives of the 1981 National Energy Program: to investigate 'alternative means to use coal in the production of liquid fuels' in the Atlantic region.

Assistance to the Mineral Industry

DREE/Nova Scotia

In December 1981 the new Canada-Nova Scotia Mineral Development Agreement, was signed. The programs are mainly geoscientific but also include some projects relative to mineral development opportunities.

The federal and Nova Scotia governments, in June, signed a $96.25 million subsidiary agreement, the Sysco Business Plan. This is a long-term program to modernize the Sydney Steel Corporation (Sysco) steel-making facilities at Sydney. The cost will be shared 80/20 by DREE and the provincial government respectively. This is the 15th in a series of cost-shared arrangements that Nova Scotia has made with DREE since 1974, and is the third major undertaking with regard to Sysco.

Oil Substitution

A $300,000 grant has been awarded to the Nova Scotia Power Corporation to study a large-scale environmentally clean coal-burning process to replace oil for the generation of electricity, under the federal and Nova Scotia governments' Joint Agreement on Oil Substitution and Conservation. The grant will finance studies and drafting of specifications for a fluidized-bed coal-fired electrical generating plant at Point Tupper. Fluidized bed combustion has not yet been used to generate electricity at a modern commercial scale.

Mine Closure

The Department of Mines and Energy and Nova Scotia Resources Ltd. tried to find a new operator for Yava Mines Ltd., a lead mine in Salmon River, Cape Breton. Despite these efforts, the mine was placed in receivership in September. The department will continue its effort to re-open the mine and is monitoring the operation to ensure a proper and safe shutdown of the mine and mill.

Regulation of the Mineral Industry

Uranium

Early in the year the provincial government distributed a second draft of uranium exploration guidelines, based upon the response generated from the first draft. The guidelines may be used as a basis to develop legislation on uranium exploration and development. The draft was prepared after consultation with the Nova Scotia Depart-

ment of Environment and with numerous exploration companies and environmental groups.

In September, the provincial government placed a moratorium on new uranium exploration licences, as well as those coming up for renewal. The moratorium will remain in effect until a legislative committee, appointed in the spring of 1981, issues its report on the environmental impact of uranium exploration and development*.

Some concern has been expressed that the ban may have a detrimental effect on overall exploration activity, since companies rarely explore exlusively for uranium.

Coal

BP Exploration Canada Ltd. of Calgary obtained a special licence for coal exploration in Nova Scotia. The licence is for a two-year period and covers an area of 125 square miles. BP has agreed to spend at least $1 million during the term. Under the terms of the licence the Nova Scotia government has a right to a 25-percent interest in any coal deposits found.

Brinco Mining Ltd. and Suncor Inc. have been granted a special licence to explore for coal in the Westville and Stellarton areas of Pictou County, N.S. The licence covers an area of 6,500 acres and is for the underground reserves that remain below the old workings. The companies have agreed to spend up to $1.3 million on drilling and testing by December 1982. Under the terms of the licence, the province of Nova Scotia is entitled to acquire a 25-percent interest in any project to extract coal from the area.

In June, the Nova Scotia legislature passed a bill amending the province's Workers' Compensation Act, giving Nova Scotia coal miners automatic compensation for lung disorders if they have worked in coal mines for 20 years.

*The original Select Committee was not reactivated after the fall provincial election. However, in January 1982 Judge Robert McCleave was appointed as a one-man commission to investigate uranium exploration in the province.

Under the previous legislation, a miner was compensated only if the lung disorder could not be attributed to another cause.

12. NEWFOUNDLAND

Assistance to the Mineral Industry

Mine Closures

The Baie Verte asbestos operations of Advocate Mines Ltd. were closed temporarily in August, and 150 of the 650 employees were laid off. Operations resumed following a two-week shutdown, but the company announced that the mine would close at year end. Financial difficulties resulting from cash flow problems were cited as the reason for the decision. Also at Baie Verte, Consolidated Rambler Mines Ltd. announced that its copper mine would operate on a month-to-month basis. Provided metal prices did not drop further, the mine could continue into the spring of 1982 at a reduced rate of production.

Since the announcements of the intended closures at Baie Verte, the provincial government has been seeking ways of minimizing the resulting disruption. A special task force of local citizens was appointed to identify potential economic development in the area. The province also met with the mine owners in an effort to keep the mines open and to help find new operators, possibly with government assistance. No plans had been finalized by year end. In an effort to keep Advocate Mines from closing, the government deferred demanding payment of the mining and sales tax for 1981, a debt of about $2 million. Mining and milling nevertheless was ceased on December 31, 1981.

Production of barite from old tailings started in August, following modification of part of the Buchans plant. The plant had been scheduled to close in 1979. A DREE grant of $393,000 will assist in this project. The barite will be marketed in Newfoundland through an arrangement with Bariod of Canada Ltd.

Mineral Development Agreement

Discussions are in progress on the second Canada-Newfoundland Mineral Development Sub-Agreement to continue mapping, surveys and other projects. The major fund-

ing for this agreement, over $3 million, will be provided by EMR. The first agreement provided funding of $12.5 million, consisting of a 45-percent contribution from DREE, 45 percent from EMR and 10 percent from Newfoundland.

Regulation of the Mineral Industry

Health and Safety

The Mines (Safety of Workmen) Regulations, 1957, and the Occupational Health and Safety Regulations, 1979, were amended to expand the regulations which apply to powered mobile equipment. The new regulations contain provisions concerning the design, fabrication, use, inspection, and maintenance of certain powered mobile equipment, the installation of safety devices such as guards and roll-over protective structures, equipment operation, and the competency and testing of operators.

Mineral Rights

Four minor amendments were made to the Mineral Regulations during 1981 related to exempt mineral land areas and to the time period required before ground can come open for staking under Regulation 68. A bill to amend the 1976 Mineral Act was introduced to the House of Assembly but died on the order paper. The proposed amendment was concerned solely with section 15 of the act, regarding the submission of surveys done over Crown land.

More than 12,000 hectares were opened to staking under the Mineral Act during 1981 following a surrender of certain fee simple grants and the surrender of areas formerly held under concession agreement by Newfoundland and Labrador Corporation (NALCO). NALCO also surrendered an additional area totalling almost 63,000 hectares during December of 1981 which was scheduled to be opened to staking early in 1982.

The Reid Newfoundland Company Limited launched a court action against the Newfoundland government, claiming that the government was wrongly applying the Mineral Holdings

Impost Act. The case was heard in provincial court and a ruling was made November in favour of the company. The judgement is expected to be appealed by the Newfoundland government.

Environment

The Air Pollution Control Regulations 1981 were put into effect in March 1981. The regulations were made under the Department of Consumer Affairs and Environment Act of 1973, and establish standards concerning certain contaminants. They define the contaminants concerned, units of measurement, sample collection times, and establish design standards.

13. NORTHWEST TERRITORIES

Jurisdiction in the Northwest Territories (NWT) is divided between the federal Department of Indian Affairs and Northern Development (DIAND) and the Government of the Northwest Territories, with DIAND having control over all major areas including disposition of mineral rights.

Regulation of the Mineral Industry

June 1, 1981 the Mining Inspection and Safety Services were transferred from the federal Department of Indian and Northern Affairs to the Justice and Public Services Department of the NWT government. Some amendments to the Territorial Mine Safety Ordinances were also proposed.

In July the legislative assembly of the NWT concluded the hearing of professional witnesses on the subject of uranium mining and exploration at Hay River, NWT. At that time, however, no consideration was given to any motions, either for or against a moratorium on uranium mining and exploration.

In October, the Northern Mineral Advisory Committee (NMAC) formed a sub-committee to advise the Department of Indian Affairs and Northern Development on the development of northern mineral policy.

14. YUKON TERRITORY

Jurisdiction is divided between DIAND and the Yukon Government.

Assistance to the Mineral Industry

Agreement has been reached among the federal government, the Yukon government and the White Pass and Yukon Corporation Ltd. for the financing of capital improvements to the White Pass and Yukon Railway. The federal contribution is $5 million in the form of a 20-year loan, while the Yukon agreed to a loan of $1 million.

Regulation of the Mineral Industry

An industry-government task force will be established with the participation of the Yukon government to ensure that the mineral deposits in the MacMillan Pass/Howards Pass region are developed in an orderly manner. The constraints to development of the area, including power, transportation, infrastructure, and environmental assessment requirements, have been identified and are being considered by the task force.

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4. CIM Bulletin, The Canadian Institute of Mining and Metallurgy, 400-1130 Sherbrooke Street West, Montreal, Quebec H3A 2M8 (monthly).

5. Financial Post, Toronto (weekly).

6. The Globe and Mail, Toronto (daily).

7. Mining Magazine, The Mining Journal Limited, 15 Wilson Street, London EC2M 2TR, England (monthly).

8. The Northern Miner, 7 Labatt Avenue, Toronto, Ontario M5A 3P2 (weekly).

9. Northern Perspectives, Canadian Arctic Resources Committee, 46 Elgin Street, Ottawa, Ontario K1P 5K6 (bi-monthly).

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11. The Toronto Star (daily).

12. Western Miner, Western Miner Press Limited, 1201 Melville Street, Vancouver, British Columbia V6E 2X9 (monthly).

13. Mining Journal, The Mining Journal Limited, 15 Wilson Street, Moorgate, London EC2M 2TR, England (monthly).

14. General - Federal and provincial government press releases
- Annual reports of Crown corporations and government departments
- November 1981 federal budget documents

GOVERNMENT SOURCES FOR FURTHER INFORMATION

Federal Departments

Department of Energy, Mines and Resources

Mineral Policy Sector
580 Booth Street
Ottawa, Ontario K1A 0G1
(613) 995-9466

Canada Centre for Mineral and Energy Technology
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555 Booth Street
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(613) 995-4179

Department of Indian Affairs and Northern Development
Northern Resources and Economic Planning Branch
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Hull, Quebec K1A 0H4
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Employment and Immigration Canada
Manpower Planning, Mining
Place du Portage, Phase IV
140 Promenade du Portage
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(819) 994-6701

Department of Industry, Trade and Commerce
Resource Industries Branch
235 Queen Street
Ottawa, Ontario K1A 0H5
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Environment Canada

Federal Environmental Assessment Review Office
Fontaine Building
Ottawa, Ontario K1A 0H3
(613) 997-1000

Environmental Protection Service
Les Terraces de la Chaudiere
Hull, Quebec K1A 0H3
(819) 997-1575

Department of Finance
Tax Analysis, Energy and Mining
Place Bell Canada
160 Elgin Street
Ottawa, Ontario K1A 0G5
(613) 992-4836

Department of Regional Economic Expansion
Planning and Coordination
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Federal Crown Corporations and Agencies

Atomic Energy Control Board
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270 Albert Street
P.O. Box 1046
Ottawa, Ontario K1P 5S9
(613) 995-6941

Atomic Energy of Canada Ltd.
Standard Life Building
275 Slater Street
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(613) 237-3270

Cape Breton Development Corporation (Devco)
P.O. Box 1330
Sydney, Nova Scotia B1P 6K3
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Eldorado Nuclear Ltd.
255 Albert Street, Suite 400
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Export Development Corporation
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(613) 237-2570

Foreign Investment Review Agency
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Ottawa, Ontario K1P 6A5
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National Harbours Board (Harbours Board Canada)
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Ministry of Finance
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Department of Mineral Resources
Toronto Dominion Bank Building
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(306) 565-2526

Potash Corporation of Saskatchewan
410 - 22nd Street East
Saskatoon, Saskatchewan S7K 5T7
(306) 664-5530

Saskatchewan Minerals
c/o Department of Tourism and Renewable Resources
Legislative Building
Regina, Saskatchewan S4S 0B3
(306) 565-2345

Saskatchewan Mining Development Corporation
122 - 3rd Avenue North
Saskatoon, Saskatchewan S7K 2H6
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(416) 965-4271

Royal Commission on Asbestos
180 Dundas Street West
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Ministry of Treasury and Economics
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